

TABLE OF CONTENTS

LIST OF EXHIBITS	iii
GLOSSARY	v
ACQUISITION PROCESS CHART	vii
BRIEF DESCRIPTION OF THE BASIC STEPS	2
THE ACQUISITION PROCESS	7
STEP 1 PROJECT APPROVAL	7
STEP 2 BASIC PREPARATION	7
STEP 3 INFORM THE OWNER(S)	7
STEP 4 REQUEST DONATIONS	8
STEP 5 SELECT APPRAISER	8
STEP 6 DETERMINE PURCHASE OFFER	9
STEP 7 WORK WITH OWNER(S)	10
STEP 8 SUCCESSFUL NEGOTIATIONS	11
STEP 9 COMPLETE SETTLEMENT	12
STEP 10 CONDEMNATION	12
STEP 11 FINAL FOLLOW-UP	13
RECORDKEEPING REQUIREMENTS	15

LIST OF EXHIBITS

D-1	PRELIMINARY ACQUISITION NOTICE	17
D-2	WHEN A PUBLIC AGENCY ACQUIRES YOUR PROPERTY	19
D-3	WAIVER OF RIGHTS AND BENEFITS OF THE UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION POLICIES ACT OF 1970 (42 U.S.C. 4601)	21
D-4	AGREEMENT FOR APPRAISAL SERVICES (ACQUISITION)	23
D-5	INVITATION TO ACCOMPANY AN APPRAISER	31
D-6	SHORT APPRAISAL FORM FOR EASEMENT TAKINGS	33
D-7	APPRAISAL REPORT REVIEW	35
D-8	STATEMENT OF THE BASIS FOR DETERMINATION OF JUST COMPENSATION	39
D-9	OFFER TO PURCHASE	43
D-10	OFFER OF SALE OF LAND	45
D-11	STATEMENT OF SETTLEMENT COSTS	47
D-12	NOTICE OF INTENT NOT TO ACQUIRE	49
D-13	DISPOSITION OF PROPERTY ACQUIRED WITH SMALL CITIES CDBG FUNDS	51
D-14	SITE ACQUISITION REPORT	53

GLOSSARY

ACQUISITION

Acquisition is the purchase, donation or partial donation of real property.

APPRAISAL

An *appraisal* is a written statement independently and impartially prepared by a qualified appraiser setting forth an opinion of defined value of an adequately described property as of a specific date, supported by the presentation and analysis of relevant market information.

DONATIONS

Nothing in these regulations shall prevent a person, after being informed of the right to receive just compensation, based on an appraisal of the real property, from making a gift or donation of real property or any part thereof or any interest therein, or of any compensation paid therefore to the agency (city/county). The agency (city/county) is responsible for assuring that an appraisal of the real property is obtained unless the owner(s) release the agency from such obligation.

FAIR MARKET VALUE

Fair Market Value is the price property will bring in a competitive market under conditions requisite to a fair sale, which would result from negotiations between a buyer and seller, each acting prudently and wisely, and without pressure or undue influence.

JUST COMPENSATION

Just Compensation is a fair and reasonable payment being not less than fair market value.

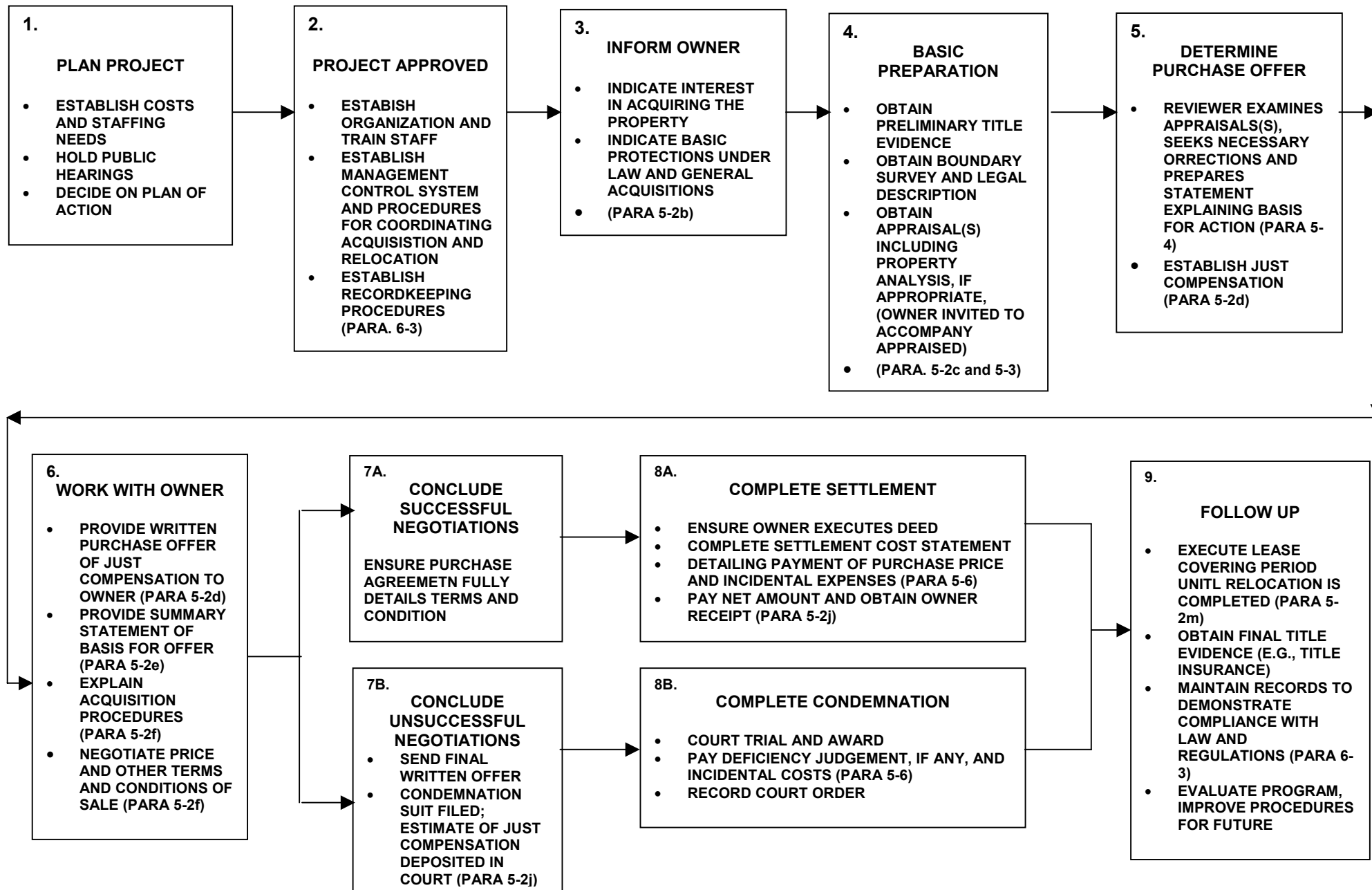
REVIEW OF APPRAISALS

A qualified reviewing appraiser shall examine all appraisals to assure that they meet applicable appraisal requirements and shall prior to acceptance seek necessary corrections or revisions. It must include a recommendation of fair market value of the subject property.

STANDARDS OF APPRAISAL

The format and level of documentation of an appraisal depends upon the complexity of an appraisal problem.

Acquisition Process Under the URA*



ACQUISITION OF REAL PROPERTY

BACKGROUND

All property acquired by a state agency for any activity that is funded, in whole or in part, with CDBG funds is subject to the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 as amended.

In general this applies to all proposed new water lines, water tank sites, sewer lines, sewer lagoon sites, storm water drainage work, etc. Any project in which CDBG dollars are going to be used in a project that takes place on private property. If the proposed work/project takes place on State, County or Municipal land, then appropriate written permission must be secured before the project can be bid.

All acquisition activities must be complete prior to the project being bid.

EXPANDED COVERAGE

Under URA statutory changes and the rule at 49 CFR Part 24, (Final Rule February 3, 2005) all persons (families, individuals, businesses, non-profit organizations, and farms) **displaced (forced to move permanently) on or after April 2, 1989 as a direct result of rehabilitation, demolition, or acquisition (privately undertaken or public) for a HUD-assisted project** are entitled to relocation payments and other assistance under the URA. The application of the URA rule to a displacement does not depend on the date when the HUD assistance was approved. The new rule is triggered if the person moves on or after April 2, 1989 and the move is determined to be "for the HUD-assisted project." Even a person forced to move before HUD approval of a project may be determined to have been displaced "for the HUD-assisted project."

In addition, you must meet the Section 104(d) requirements when applicable.

PURPOSE

The purpose of this chapter is to ensure that:

- ❶ The rules which pertain to the acquisition of real property with Federal funds are followed;
- ❷ The owners of real property to be acquired are treated fairly, consistently, and without intimidation, thus minimizing litigation and congestion in the courts and promoting public confidence in federally assisted land acquisition; and
- ❸ Persons displaced as a result of the project are treated fairly, consistently, and equitably so that such persons will not suffer disproportionate injuries as a result of projects designed to benefit the public as a whole.

CAUTIONS TO COMMUNITIES

Before your CDBG project can proceed, **all** acquisition activities on **each** parcel for the project must be completed and appropriately recorded.

Each property owner must be properly informed of his/her rights, as required by law, and you must be able to document that this was done. Furthermore, each property owner is entitled to the payment of just compensation for his/her land, even if he or she is a direct beneficiary of the project.

Before requiring the property owner to surrender possession of the real property, the Agency must pay the agreed purchase price to the owner; in the case of condemnation, deposit with the court, for the benefit of the owner, an amount not less than the approved appraisal of the fair market value of such property.

The owner shall be given reasonable opportunity to consider the offer and present material which the owner believes is relevant to determining the value of the property and to suggest modifications in the proposed terms and conditions of the purchase.

FOLLOW THE PROPER PROCEDURES. YOUR CITY INSURANCE MAY NOT PROTECT YOU AGAINST DAMAGE CLAIMS IF YOU ARE SUED AND YOU HAVEN'T FOLLOWED THE CORRECT PROCEDURE.

One-for-One Replacement Unit Requirement. Under the rule, all **occupied** and **vacant inhabitable** low/moderate income dwelling units demolished or converted to a use other than low/moderate income dwelling units as a direct result of activities assisted under the CDBG program must be replaced with low/moderate income dwelling units. Substandard but economically repairable units that have been demolished or converted must be replaced under this provision, but more seriously deteriorated units need not be replaced (Section 104(d)).

Please note that if the project is to be placed on state, county or city right-of-way, then a letter giving permission to use that right-of-way must be on file.

BRIEF DESCRIPTION OF THE BASIC STEPS

This chapter includes and describes a sequence of events which will move the project toward a timely and cost effective acquisition process.

1. Inform the property owner(s) of their rights and provide documentation.
2. Ask for a donation of the property.
 - If the owner(s) will not donate, *then*
3. Offer to pay just compensation based on fair market value determined by appraisals.
 - If the owner(s) will not accept this offer, *then you may*
4. Negotiate with the property owner(s) (within limits).
 - If he will not negotiate, *you may*

5. Go to court and condemn the property.

The easiest and most cost effective way to acquire property is through donating. However, each property owner(s) is entitled to just compensation for his/her property even if he or she is a direct beneficiary of the project. The property required for the project may all be acquired by donations, or any combinations of the preceding steps.

ACQUISITION OF DILAPIDATED DWELLING AND VOLUNTARY RELOCATION

If you are acquiring a dilapidated structure and relocating the homeowner (either to the same site or another) refer to the Relocation Chapter. The first letter you will send them will be the General Information Notice (F-1).

OUTLINE OF THE ACQUISITION PROCESS

Step 1	Project Funds Released	Determine land to be acquired.
Step 2	Basic Preparation	Consult with City/County Attorney and Engineer to obtain legal descriptions, maps, surveys.
Step 3	Inform the Owner(s)	Mail "Preliminary Acquisition Notice" (Exhibit D-1) and <i>When a Public Agency Acquires Your Property</i> (Exhibit D-2) and Donation Form - "Waiver of Rights and Benefits..." (Exhibit D-3)
Step 4	Request Donations	
(If owner(s) donate, then go to Step 9)		
Step 5	Select Appraiser and Review Appraiser	Request qualifications.
Step 6	Determine Purchase Offer	Invite the property owner(s) to accompany the appraiser using "Evidence of the Invitation to Accompany the Appraiser" (Exhibit D-5) Perform the appraisal. (The Appraisal Report) Perform review appraisal. "Appraisal Report Review" (Exhibit D-7) Establish just compensation "Written Statement of Just Compensation" (Exhibit D-8).
Step 7	Work with Owner(s)	Owner(s) donate now; or Owner(s) accept just compensation; or Owner(s) counter offer; or Owner(s) refuse all offers.
Step 8	Successful Negotiations	Sign the "Purchase Agreement" (Exhibit D-9). Sign the "Contract for Sale" (Exhibit D-10).
Step 9	Complete Settlement	Execute the deal. Complete the "Statement of Settlement Costs" (Exhibit D-11)
Step 10	If Condemnation	Attorney files papers. Escrow deposited in account.
Step 11	Final Follow-Up	Obtain title.

THE ACQUISITION PROCESS

Step 1 PROJECT FUNDS RELEASED

- Determine who will be responsible for coordination of acquisition/relocation activities.
- Establish recordkeeping procedures for each parcel of property according to this manual. Include copies of all documents. Attach the checklist (Exhibit D-15) inside the file and keep it current as you proceed.
- Secure services of an attorney. The acquisition of property requires the filing of legal documents.

Step 2 BASIC PREPARATION

- Determine that the parcels to be acquired are all consistent with the scope of the project and with the preliminary engineering plans, surveys and maps.
- Obtain preliminary title evidence, boundary surveys, and legal descriptions. Verify clear and accurate titles.
- Prepare a map describing the project and showing the proposed acquisitions. Take this map to each property owner or show it at public meetings when asking for donations.

Step 3 INFORM THE OWNERS(S)

- Send the property owner(s) the following documents by certified mail or hand delivery. Obtain and file a signed receipt for them.
- Send a "Preliminary Acquisition Notice" to each property owner (Exhibit D-1). This indicates an interest in acquiring the property or an easement. It is important to note that it is **not** a notice to vacate nor does it establish eligibility for relocation payments or assistance. Give the name and phone number of the person to be contacted for further information.
- Send the booklet, *When a Public Agency Acquires Your Property* (Exhibit D-2). You may make xerographic copies of the booklet to give to each property owner if your supply is inadequate.
- Send a copy of the Donation Form to each property owner - "Waiver of Rights and Benefits of the Uniform Relocation Assistance and Real

Property Acquisition Policies of 1970" (Exhibit D-3). Once property owner(s) has been informed of his rights through the preceding documents, he may waive his right to an appraisal of his property and the payment of just compensation for his property. He is entitled to an appraisal(s) and payment, but he may waive these rights.

- **IMPORTANT!** Make sure that you document in the individual file that each owner has received the "Preliminary Acquisition Notice" (Exhibit D-1) and the booklet, *When a Public Agency Acquires Your Property* (Exhibit D-2).

Step 4

REQUEST DONATIONS

- Approach each property owner and request that they donate the land under consideration for acquisition (Exhibit D-3).
- The owner(s) must understand that he is entitled to an appraisal. The payment of just compensation is based on the "fair market value" of his property.
- However, the property owner(s) may waive his rights and benefits and make his donation without an appraisal or offer of just compensation.

If the owner(s) decides to donate his property

Go to Step 9,

but

if the owner(s) declines to donate his property

Go to Step 5.

Step 5

SELECT APPRAISER

- To perform a proper evaluation of the properties you intend to acquire, you must select and contract with an **independent** appraiser.
- You should request statements of qualifications from several appraisers. To meet minimum qualifications, the appraiser must:
 - a. have no interest in the property or be related to or in business with anyone having an interest, or an apparent interest, in the property to be acquired;
 - b. be qualified, reputable, and professional;

- c. belong to a professional organization that has a code of ethics; and
 - d. have previous experience in doing similar types of appraisals as will be required by the project.
- The city/county must execute a professional services contract with the selected appraiser. Use the format prescribed in Exhibit D-4. The contract requires that neither race, color, religion nor ethnic characteristics of a neighborhood shall be considered in estimating the value of residential property.
 - The property owner(s) must be invited to accompany the appraiser during the inspection of the property. This must be done in writing with documentation, (Exhibit D-5).

Step 6 DETERMINE PURCHASE OFFER

A. First Appraiser

- If property is not donated, then the fair market value of the property must be established through an appraisal. (NOTE: A property owner may choose to have an appraisal done, then donate the property. This is because they are simply curious about the value, or they may want it for income tax purposes.)
- An appraisal is performed on each parcel to be acquired. It should be done in standard form, degree and detail of analysis consistent with the complexity of the appraisal problem.
- The appraiser must determine a precise fair market value and state this value in writing.
- Easements can be evaluated on a short form (Exhibit D-6) or equivalent which summarizes the complete documentation, that the appraiser must have on file.

B. Review Appraiser

- Each appraisal, regardless of value, must be reviewed. If the appraisal is complex, the review should be done by another appraiser; however, if it is simple and of low value, the review appraisal may be done by an **independent** qualified person.
- The review appraiser must visit the property and should invite the property owner(s) to be present. The review report must be written, signed and dated.

- The reviewer's recommendation of the fair market value of the property (Exhibit D-7) must be stated in writing.

C. Just Compensation

Following a review of the appraisal, just compensation must be established. **This amount cannot be less than the approved appraisal.** You must prepare a written "Statement of the Basis for the Determination of Just Compensation" (Exhibit D-8), to be provided to the property owner(s). This statement must include:

- a legal description and location identification of the property;
- interest to be acquired (e.g., fee simple, easement, etc.);
- an inventory identifying the building, structures, fixtures, etc. which are considered to be a part of the real property;
- the amount of the offer and a statement to the effect that this offer is:
 - the full amount believed by the community to be just compensation,
 - not less than the fair market value of the property,
 - disregards any increase or decrease in the fair market value attributable to projects for which the property will be acquired, and
 - does not include any consideration or allowance for relocation costs;
- a definition of fair market value;
- a brief explanation of the principal appraisal techniques used in appraising the property;
- any purchase option agreement (should be attached); and
- a statement apportioning the just compensation between the actual piece to be acquired and an amount representing damages to the remaining portion, if only a part of the parcel is to be acquired. If an "uneconomic remnant" is left, this should be purchased also.

Step 7 WORK WITH OWNER(S)

After the just compensation for the property has been determined, you are ready to present your offer to the owner(s).

- A written "Offer to Purchase" (Exhibit D-9) must be sent to the owner(s). The offer must specify the date on which negotiation for the sale of the property must begin. This date must be the same date as the written offer. As with all notices, its receipt must be documented.
- "The Written Statement of the Basis for the Determination of Just Compensation" (Exhibit D-8) must be included with the Offer to Purchase.
- A written Notice of Displacement must be issued within 30 days of the date specified for the initiation of negotiation, if the property to be acquired is owner or tenant occupied. Refer to the "*Relocation Chapter*" for more detail.
- The owner(s) has a number of choices at this point.
 1. The owner(s) **may** now decide that he/she wishes to donate the property; if so, go to Step 9.
 - or
 2. The owner(s) **may** accept the just compensation as offered; if so, go to Step 9.
 - or
 3. The owner(s) **may** make a counter offer that requests more money or terms other than those offered as just compensation; if so, go to Step 8.
 - or
 4. The owner(s) **may** refuse or **may** indicate the refusal of any offer; if so, go to Step 10.

Step 8

SUCCESSFUL NEGOTIATIONS

- With the concurrence of the Department of Economic and Community Development (ECD), the city/county may accept an owner(s)'s counter offer (which will be higher than the just compensation) on the basis that cost of condemnation proceedings would be greater than the increase in price requested by the owner(s). Significant delay in implementation of the project may also provide justification for payment of a larger amount.
- REQUIRED:** If the city/county is negotiating, approval must be obtained from ECD for the amount of just compensation to be paid.

- Sign the written "Offer to Purchase" (Exhibit D-9) if the negotiations are successful.
- Sign contract for sale (Exhibit D-10).

Step 9

COMPLETE SETTLEMENT

- Sign the written "Offer to Purchase" (Exhibit D-9) if the negotiations are successful.
- Execute the deed. This should be done by an attorney.
- Complete the "Statement of Settlement Costs" (Exhibit D-11) and give to the owner(s). This identifies all settlement costs regardless of whether they are paid at, before, or after closing and must clearly separate charges paid by the owner(s). If a title or escrow company is used, the standard RESPA form is acceptable.
- Obtain a receipt for the purchase price.
- Pay incidental costs. You must reimburse the owner(s) to the extent you deem "fair and reasonable" for incidental costs associated with the transfer of title (i.e., recording fees, transfer taxes, penalty cost or other charges for prepayment of any pre-existing recorded mortgages and the like).
- Pay the net amount. Present the owner(s) with a check for the agreed purchase price.

Step 10

CONDEMNATION

If you have determined that condemnation is necessary, the following issues must be addressed:

- An attorney must carry out the condemnation proceedings since it is a legal action.
- A resolution authorizing the proceedings must be passed by the city/county.
- File copies of surveys and maps in the office in which instruments affecting real property in the county are recorded.
- Initiation of proceedings in the circuit court of the county in which the property is located.
- A deposit of the amount you determined to be just compensation must be placed in an escrow account with the court.

If you have begun condemnation proceedings as outlined above, you must complete the purchase in accordance with the verdict of the court. If the court rules that the property value is greater than the amount placed in escrow, you must pay the deficiency. As with a negotiated sale, you must also pay incidental costs and complete the *Settlement Cost Statement* as described above.

The court will provide guidance in completing the settlement.

NOTE: Unfortunately, you may have to file condemnation papers in order to convince people that you are serious. Once these papers are filed, owners often sell or become more willing to negotiate the price.

Step 11 FINAL FOLLOW-UP

- Obtain Final Title evidence acknowledging the city/county as the owner.
- If the property is occupied, execute a short-term lease with the tenant until relocation can be completed.
- Maintain a record on each piece of property acquired.

RECORDKEEPING REQUIREMENTS

The maintenance of well organized and complete acquisition files is an essential and required administrative activity.

REMEMBER: A separate Property File must be maintained for each individual property (parcel) acquired. In addition, a Miscellaneous Acquisition file should be kept.

In each Property File, include the following:

- ☐ Checklist (Attach to the inside of the file.)
- ☐ "Preliminary Acquisition Notice" (Exhibit D-1) with proof that the property owner received.
- ☐ "When A Public Agency Acquires Your Property" (Exhibit D-2) with proof that the property owner received it. (Note: Proof that property owner received D-1 and D-2 may be certified mail receipts, or signed duplicate of documents [the property owner keeps the original].)
- ☐ "Waiver of Rights and Benefits of the Uniform Relocation Assistance and Real Property Acquisition Policies of 1970" (Exhibit D-3), only **IF** the property owner has donated the land or easement
- ☐ "Invitation to Accompany an Appraiser" (Exhibit D-5)
- ☐ Copy of the appraisal; if applicable
- ☐ "Appraisal Report Review" (Exhibit D-7), if an appraisal was done
- ☐ "Short Form for Easements" (Exhibit D-6 or equivalent form), if applicable
- ☐ "Statement of the Basis for the Determination of Just Compensation", (Exhibit D-8), if applicable
- ☐ "Offer to Purchase" (Exhibit D-9), if applicable
- ☐ "Offer of Sale of Land" (Exhibit D-10 or equivalent document prepared by an attorney), if applicable
- ☐ Written explanation and justification for any payment above the just compensation value, if applicable

- ☐ Copy (front and back) of the cancelled check indicating payment for the acquisition, if applicable
- ☐ "Statement of Settlement Costs" (Exhibit D-11)
- ☐ Copy of the Title/Easement, date of transfer and proof that it was registered at the courthouse
- ☐ All documentation concerning condemnation proceedings, if applicable
- ☐ "Notice of Intent Not to Acquire" (Exhibit D-12), if applicable

You must also keep a Miscellaneous Acquisition file which will include the following:

- ☐ A master list of all acquisitions or easements necessary for the project
- ☐ Solicitation for appraisal services documentation
- ☐ "Agreement for Appraisal Services" (Exhibit D-4)
- ☐ "Site Acquisition Report" (Exhibit D-14)
- ☐ The Booklet, When A Public Agency Acquires Your Property (Exhibit D-2)
- ☐ Disposition of Property" (Exhibit D-13)
- ☐ Letter from State, County or City if their right-of-way is used

<p align="center">PRELIMINARY ACQUISITION NOTICE*</p>

This is to formally notify you of our interest in acquiring certain property (or an easement on property)** which you own located at:

(LOCATION OF PROPERTY TO BE ACQUIRED)

We are interested in purchasing (securing an easement)** the property you own to:

(BRIEF DESCRIPTION OF PROJECT)

THIS NOTICE IS PRELIMINARY IN NATURE AND IS NOT A NOTICE TO VACATE. IT DOES NOT ESTABLISH ELIGIBILITY FOR RELOCATION PAYMENTS OR OTHER RELOCATION ASSISTANCE. To help explain the acquisition procedures, we are enclosing a copy of the booklet, "When a Public Agency Acquires Your Property."

You may donate this property or an easement interest in this property if you so desire.

If you have any questions before this office can contact you again, please call *(NAME OF PERSON TO CONTACT AT AGENCY)*, who is the *(TITLE OF PERSON TO CONTACT)*. Our telephone number is *(AGENCY TELEPHONE NUMBER)*, and our regular office hours are *(OFFICE HOURS - from _____ to _____, _____ through _____)*.

Sincerely,

(COMMUNITY OFFICIAL)

* This notice (and all notices) should be hand-delivered and a signed receipt obtained or sent registered or certified mail, return receipt requested.

** You need to indicate whether you want to purchase the land or receive an easement.

U. S. Department of Housing
and Urban Development,
Office of Community Planning
and Development

Additional Information

If you have any questions after reading this booklet,
contact the Agency and discuss your concerns with
the Agency representative.

When a Public★ Agency Acquires Your Property

Introduction

This booklet describes many of the important
features of the Uniform Relocation Assistance and
Real Property Acquisition Policies Act of 1970, as
amended (URA) and provides general information
about public acquisition of real estate (real
property) that should be useful to you.

Most acquisitions of real property by a public agency
for a Federal project or a project in which Federal
funds are used are covered by the URA. If you are
notified that your property will be acquired for such a
project, it is important that you learn your rights
under this important law.

This booklet may not answer all of your questions.
If you have more questions about the acquisition of
your property, contact the Agency responsible for the
project. (Check the back of this booklet for the name
of the person to contact at the Agency.) Ask your
questions before you sell your property. Afterwards,
it may be too late.

Agency _____

Address _____

Office Hours _____ Tele. No. _____

Person to Contact _____

**WAIVER OF RIGHTS AND BENEFITS OF THE UNIFORM RELOCATION
ASSISTANCE AND REAL PROPERTY ACQUISITION POLICIES ACT OF 1970
(42 U.S.C. 4601)**

WHEREAS, the City/County of _____ has received Community Development funds from the Department of Economic and Community Development; and

WHEREAS, one of the conditions imposed upon the use of such funds is compliance with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601), hereinafter referred to as the Uniform Act, and the regulations pursuant thereto at 24 CFR part 42; and

WHEREAS, nothing in the Uniform Act or regulations prevents a person, after being informed of the right to receive just compensation, from making a gift or donation of real property or any interest therein, to the City/County, and that the landowner will be assured that property disturbed during construction will be put back or replaced in as good or as reasonably good condition than before; and

WHEREAS, as to the property specifically described as follows:

I hereby elect to donate the above described property (or easement)* and thereby waive any rights and benefits potentially accruing to me under the Uniform Act.

NOW, THEREFORE, let it be known that by my signature hereon, I freely and without duress waive any and all rights accruing to me under the Uniform Act. Specifically, I hereby release the City/County of _____ from the obligation to obtain an appraisal of the above described property prior to my donating a (*FEE SIMPLE or EASEMENT*)* interest in said property.

Acquiring Official

Property Owner

Date

* Indicate whether Fee Simple or easement is being donated.

AGREEMENT FOR APPRAISAL SERVICES (ACQUISITION)

THIS AGREEMENT, entered into this _____ day of _____, 20____, by and between _____ of the City of _____, State of _____, hereinafter referred to as the "Agency", _____, hereinafter referred to as the "Appraiser."

WITNESSETH THAT:

WHEREAS, the Agency proposes to acquire certain real property and desires that the Appraiser furnish the Agency certain services with respect to such property, including an appraisal of each parcel of the property, and the Appraiser represents that he is fully qualified to perform such services and will furnish such services personally; and

WHEREAS, the services to be provided under this Agreement are necessary to achieve the purposes of _____ and the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act), as amended (URA).

NOW, THEREFORE, the Agency and the Appraiser, for the consideration and under the conditions hereinafter set forth, do agree as follows:

ARTICLE 1 Property To Be Appraised

A description of the real property to be appraised, including an identification of any interests in the real property to be specifically excluded from appraisal, are set forth in the attached Exhibit A. A separate appraisal is to be furnished for each "parcel." (The term "parcel" means any tract or contiguous tracts of land in the same ownership, whether any such tract consists of one or more platted lots or a fractional part of the lot. An easement or other separately held interest in two or more parcels shall be considered to be a separate parcel for appraisal purposes and an exception to the title to the parcels so encumbered. An easement in a parcel that is appurtenant to another parcel to be acquired by the Agency shall be considered to be part of such other parcel and an exception to the title of the parcel encumbered.) Each parcel shall be considered to include all right, title, and interest of the owner in or to any adjacent or abutting streets, alleys, or other public rights of way.

ARTICLE 2 Purpose and Basis of Valuations

(a) Purpose and Significance of Appraisals. The appraisals to be furnished under this agreement are required by the Agency for its guidance in making fair and impartial determinations of fair market value and the just compensation to be offered to each property owner. The Appraiser shall be guided by those objectives when estimating values. Appraisal reports will be reviewed carefully by the Agency. Accordingly, the text of each appraisal report must cover all matters germane to the required valuation findings and must provide a full explanation of the Appraiser's reasoning and his analyses of the evidences of value, so that a reviewer will be able to follow the Appraiser's analyses and understand how he reached his valuation conclusions.

(b) Appraisal Standards. The appraisals under this agreement shall be based on nationally recognized appraisal standards and techniques to the extent that such principals are consistent with the concepts of value and the rules on the admissibility of evidence of value under the eminent domain law of the State. Factors relating to race, color, religion, sex, or national origin, or to racial, religious and ethnic identification of neighborhoods are not relevant to the estimation of value and shall not be considered in connection with appraisals of residential real property.

(c) Date of Valuation. The Appraiser's valuation shall be as of a date concurrent with the preparation of his report, unless the Agency has specified some other date of valuation.

(d) Relocation Assistance. The Appraiser's analyses and opinions of property value shall not reflect any allowance for the relocation payments and other assistance provided under the URA.

(e) Influence of Project on Property Value. In forming his opinion(s), the Appraiser shall disregard any decrease or increase in the fair market value of the real property to be acquired prior to the date of valuation, caused by the project for which the property is to be acquired, or by the likelihood that the property would be acquired for such project, other than that due to physical deterioration within the reasonable control of the owner. (In the case of a partial acquisition, using the before-and-after method of valuation, the Appraiser's opinion of the value of the remaining not-to-be-acquired portion of the property shall reflect any increase or decrease in value attributable to the project.) If the determination of changes in value caused by the project is a problem, the Appraiser's report shall cite the ruling followed and its source and shall explain the effect of the ruling on his opinion of value.

ARTICLE 3 Scope of Appraiser's Services

The Appraiser agrees to perform the following services:

- (a) Appraise each parcel and prepare and deliver to the Agency, within _____ calendar days after the date of this agreement. _____ copies of the appraisal reports conforming to the provisions of this agreement. The Appraiser shall personally inspect each parcel, including all buildings, structures, fixtures, and other improvements to the property. The Appraiser shall give the owner or his designated representative an opportunity to accompany the Appraiser during his detailed inspection of the property. If the owner of a compensable interest in the property or a representative of such owner does not accompany the Appraiser during the inspection, the Appraiser shall include in his appraisal report a copy of his notification to the owner of the opportunity to accompany the Appraiser and evidence of the owner's receipt of such notification. In the process of inspecting the property, the Appraiser shall, to the extent practicable, ascertain the rights of all parties in possession and note for consideration all factual information and comments furnished by the owner or his representative relevant to the appraisal.
- (b) Testify as an expert witness in behalf of the Agency in any judicial proceeding involving any property appraised under this agreement. Such services shall include such reasonable time as may be required for re-inspection of the property, updating the Appraiser's valuation, participation in pre-trial conferences with counsel of the Agency, and testifying in the judicial proceeding. The compensation for such services shall be determined in accordance with Article 6.
- (c) Modify or furnish supplements to any appraisal report furnished under this agreement without additional cost to the Agency, if (1) applicable principles of law with respect to the valuation of the property require the modification or supplementing of such appraisal, (2) material omissions, inaccuracies, or defects in the appraisal report are discovered after delivery and acceptance of the report by the Agency, or (3) the Appraiser receives or becomes aware of relevant additional appraisal information in existence prior to the date the Appraiser signed the report. If there is a significant delay between the date of valuation and the date of acquisition of any parcel or if the property has been materially altered since the appraisal by a fire, a revised determination of the boundaries of the property to be acquired, or other cause, the Appraiser shall, if requested by the Agency, furnish the Agency a supplementary report updating this valuation and the supporting data and analyses to a current date. The compensation for such updating of an appraisal shall be determined in accordance with Article 6.
- (d) Estimate the value of any right or interest proposed to be reserved by the owner in a property appraised by the Appraiser, such as an easement for access to other property of the owner, the right to continue occupancy for an extended period after the Agency acquires the property, or the right to remove any building, structure, fixture, or other improvement. The compensation to be paid to the Appraiser for furnishing any such valuation shall be determined in accordance with Article 6.
- (e) Consult with the Agency and its legal counsel regarding services to be performed by the Appraiser at such time(s) as may be mutually convenient for the parties to this agreement. The Appraiser shall initiate such consultations whenever he is in doubt as to whether an element of property is real or personal property or needs legal advice on any aspect of the appraisals to be furnished under this agreement. There shall be no charge by any party for such consultations.

ARTICLE 4 Contents of Appraisal Reports

Each appraisal report to be furnished by the Appraiser under this agreement shall contain certain information and the Appraiser's conclusions and opinions, together with the data and analyses by which they were derived, as set forth below. A separate report shall be submitted for each parcel. However, if more than one parcel is to be appraised, all general data may be included in a separate data volume that is referenced in the separate appraisal reports on the individual parcels. The appraisal report on each parcel shall include the following:

- (a) A summary headed *Appraisal Report for (name of the Agency)* that provides the following:

- (1) Project name and number;
- (2) Date of the report;
- (3) Parcel number, address of the property, brief identification of all interests in the property appraised, and the name of the owner(s) including any tenant-owners;
- (4) Date(s) of the Appraiser's inspection of the property with the owner(s) or the owner's designated representative, including the name of each owner or representative of an owner who accompanied the Appraiser during his inspection and the interest held in the property or the representative capacity of each such person;
- (5) The Appraiser's estimate of the fair market value of the entire parcel and the fair market value of the same interest in the land, as if vacant;
- (6) The limiting conditions of the appraisal, which may include assumptions (i) that the title is good and marketable, (ii) that no responsibility is assumed by the Appraiser for legal matters, especially those affecting the title to the property, (iii) that the legal description of the property and the interest in the property to be appraised, furnished to the Appraiser by the Agency, is correct, and (iv) that no survey of the property has been made. Any other appropriate assumption or limiting condition may be added if it has been specifically approved in writing by the Agency;

- (7) The certifications of the Appraiser (i) that he personally made a thorough inspection of the property, (ii) that, to the best of his knowledge and belief, everything contained in the report is true and no relevant and important fact has been omitted, (iii) that neither his employment nor his compensation is contingent on the valuation reported, and (iv) that he has no past, present, or prospective interest (including that of real estate agent or broker) in the property, the parties involved, or any other interest that would conflict in any way with the services performed or the making of an impartial report;
- (8) A certification that, in the Appraiser's opinion, the fair market value of the property is (an amount to be stated) as of (the date of valuation);
- (9) The signature of the Appraiser.

(b) The name and address of the owner of the property and the name and address of any other party known or believed to hold a separate compensable interest in the property.

(c) The street address and an accurate description of each parcel and all interests in the parcel appraised. The property description shall identify all conditions, restrictions, easements, servitudes, and reservations affecting the title. The property description shall specifically exclude and describe any separately held interest in the property that is to be acquired separately or as part of another parcel. The description shall also specifically exclude all separately held interests which are to be acquired with other interests in the same parcel, such as leaseholds, tenant-owned improvements, life estates, easements, and water, gas, oil, or mineral rights, a description of each such separate interest and the name of its owner shall be furnished.

(d) Off-the-record title information concerning interests or instruments that affect title, but are not of record, such as leases, options to renew a lease, contracts of sale, and other interests or rights of parties in possession. Such information shall be reported, and if available facts are sufficient, the Appraiser's report shall be based on such additional title information and so noted in the appraisal report. Otherwise, the Appraiser shall refer the matter to the Agency and defer completion of the appraisal until the question is resolved.

(e) Basic property data including pertinent information with respect to such matters as (1) the environment and location of the property, (2) the zoning and any restrictive covenants, conditions, or servitudes affecting the available use or occupancy of the land, (3) the assessed value of the real property and the current annual real estate tax burden, (4) the use and occupancy of the property at time of appraisal, (5) the public improvements, services, and utilities serving and providing access to the property, (6) the character, topography, dimensions, and area of the land, (7) the freedom of the property from special hazards, (8) the current rental and rental history of the property, if rented, (9) the estimated annual costs of ownership and for operation and maintenance of the property, and (10) a description of the buildings, structures, and other improvements, if any, including relevant information as to type of improvement, designed use, construction materials and finish, equipment, dimensions, floor area, age, condition, space or room arrangement, functional utility, and any other characteristics or attributes of the improvements germane to the value of the real property. The appraisal report shall contain a general sketch plat showing the shape and dimensions of the land, the location of the principal improvements on the land, the location of any easements in the land, and the abutting streets, alleys, or other public rights of way. The report shall also include such photographs, each clearly identified, as may be appropriate.

(f) Report of any condition or occupancy of the property in violation of law that may affect the value of the property.

(g) The Appraiser's opinion as to the highest and best use for the property. The appraisal report shall also include the Appraiser's opinions as to any other use(s) for which the property is reasonably suitable or adaptable. If the property is unused vacant land or the highest and best use is not self-evident or is found to differ significantly from the present use, the appraisal report shall contain the analyses by which the Appraiser reached his conclusions as to the highest and best use and as to the relative suitability or adaptability of the property for any other use(s) for which the property could reasonably be considered to be suitable or adaptable. The analysis of a potential use shall include consideration of relevant matters, such as the suitability of the location, the environment and the legal and physical attributes of the property for such use, the estimated cost, if any, of converting the property to such use, and the supply, sale price level, and relative desirability of other properties that would compete for the same kind of use. The analysis of the property for the future use or uses found to be the highest and best use is part of the process of appraising the property and, therefore, may be included in the valuation analysis furnished in accordance with Paragraph 4 (h) below.

(h) The opinion of the Appraiser as to the fair market value of the property. The appraisal report shall contain a description of the reasoning process used by the Appraiser in reaching his conclusion as to value and all data and analyses needed to explain and support his valuation. The supporting data and analyses furnished in the appraisal report shall include, the following:

- (1) An analysis of the property, from the point of view of evaluating the effect of its characteristics and attributes on its value for the available use or uses for which the property is best suited. Particular attention shall be given to the characteristics of the property most relevant to its value, such as, in the case of an investment property, the income potential and the expenses of ownership, maintenance, and operation.
- (2) An identification of the most recent sale of each property appraised and any other sales of such property during the last five (5) years preceding the appraisal. Such sale(s) of the property appraised and all recent sales of comparable properties considered by the Appraiser in forming his opinion(s) of fair market value shall be verified insofar as practical. The information furnished with respect to each such sale shall include, among other pertinent facts, the names of the grantor and grantee, the date of the sale, the sale price, any special terms or conditions or circumstances of the sale that affected the transaction, and a description of the property and its condition at time of sale in sufficient detail for use in making the appraisal.

- (3) The analyses that constitute the principal basis for the Appraiser's opinion of the fair market value. The appraisal report shall contain the Appraiser's evaluation with respect to previous sales of the property appraised and any recent offer of the owner to sell the property. The appraisal report shall also contain the Appraiser's analysis of each comparable property and its sale in relation to the property appraised. The Appraiser's analysis shall reflect appropriate allowances for the difference in the time of the sale of the comparable properties and the date of appraisal and the differences in the utility, desirability, and productivity of the properties that are pertinent to their relative value. The appraisal report shall contain a valuation data map showing the location of the property appraised and the comparable properties referred to in the appraisal report.
- (4) All other information, analyses, and estimates considered by the Appraiser to be relevant to the estimation of the fair market value of the property.
- (5) If the property appraised is part of a larger parcel in the same ownership or is less than the entire interest of the owner in the property, the appraisal report shall contain the Appraiser's opinion of just compensation for a taking of such property or interest, using the before-and-after method of valuation as interpreted under State law unless it is obvious that there would be no damages or benefits to the remaining property or interest of the owner. However, if the part or interest to be taken is such a small part of the whole property that the damages for the taking can be more accurately estimated directly, that method may be used if permitted under State law, without estimating the fair market value of the entire property of the owner. The foregoing opinions of the Appraiser shall be supported in his report by the data and analyses by which he reached his conclusions.

For information purposes, the appraisal report shall also contain the Appraiser's estimates of the fair market value of the to-be-acquired part or interest as part of the whole property and the net damages or benefits to the remaining property of the owner. If in the opinion of the Appraiser, acquisition of the part of, or interest in, the property proposed for acquisition would leave the owner with an uneconomic remnant, the Appraiser shall furnish a separate estimate of the fair market value of a "parcel" comprising both the parcel proposed for acquisition and the uneconomic remnant. (A remainder parcel or interest shall be considered to be an uneconomic remnant if by itself it has little or no utility or value to the owner.)
- (6) Such maps, plans, photographs, or other exhibits, as necessary, to explain or illustrate the analyses of the Appraiser.
- (7) The Appraiser's evaluation of the indications of value deduced from his separate analyses of the various evidences of value and an explanation of how he reached his final conclusion as to the fair market value of the property.

(i) The opinion of the Appraiser as to the fair market value of the land, as if vacant. The valuation shall be for the same interest in the land as is to be acquired in the real property. The report shall contain information with respect to the available use or uses for which the land would be suitable if vacant, the opinion of the Appraiser as to its highest and best use, and the Appraiser's analysis of the evidences of value and of the use potential by which he reached his conclusions as to the highest and best use of the land and the land value.

(j) A property analysis if the property is a commercial, industrial, institutional, governmental, or farm property that involves substantial quantities and kinds of fixtures such as machinery and equipment. Any building, structure, fixture, or other improvement, which would be real property if owned by the owner of the land, shall be considered to be real property (even if the improvement is the property of a tenant who has the right to remove it or the obligation to remove it at the expiration of his term). The property analysis must be approved by the Agency before the appraisal is completed and, as approved by the Agency, shall be included as an exhibit in the Appraiser's report. The property analysis shall list, identify, and classify as to ownership and type of improvement, all items of physical property considered to be part of the real property. The property analysis shall also identify tangible personal property located on the premises to the extent reasonably necessary to prevent misunderstandings as to what is regarded as being real or personal property. Buildings, structures, fixtures, and other improvements, including their accessories and spare parts, shall be identified and classified as to ownership and type of property as follows:

- (1) Ownership
 - (i) Owner of the land
 - (ii) Each tenant in occupancy
 - (iii) Each non-occupant owner of any fixtures or other improvements or personal property on the premises.
- (2) Type of property
 - (i) Building - structure or fixed improvement
 - (ii) Building equipment - removable
 - (iii) Fixtures - classified as to whether economically removable for reuse, removable for salvage only, or irremovable
 - (iv) Personal property - identified as to types and approximate amounts or otherwise, as needed to prevent misunderstandings as to the classification of any item.

If any building, structure, fixture, or other improvement is not to be acquired, will not be adversely affected by the Agency's project, and will not be required by the Agency to be removed, such as a pipeline in an easement not to be acquired, such improvement shall be identified as excluded from the appraisal.

(k) If machinery and equipment or other fixtures used in a trade or business, farm operation, or institutional or governmental function constitute part of the real property, the appraisal report shall contain a separate schedule which provides separate estimates for each such item, as prescribed below. If there is more than one owner of such items, a separate schedule shall be furnished for each owner. The information and conclusions to be furnished on each item are as follows:

- (1) Description of the item, including, as appropriate, the manufacturer, model and serial number, size or capacity, age and condition, and degree of obsolescence. Accessories and spare parts, special foundations, and power wiring and process piping generally shall be listed separately, following the listing of the item(s) to which they apply.
- (2) Estimate of the replacement cost installed of the item as listed and identified (excluding any elements listed separately). Separately identify the basis of estimated replacement cost (new or used).
- (3) The contributive (enhancement) value of the item to the fair market value of the real property as a whole.
- (4) Estimated fair market value of the item for removal from the property at a purchaser's expense. Such value shall be considered to be the probable selling price if the item were offered for sale for removal from the property at the purchaser's expense, allowing a reasonable time to find a purchaser buying with knowledge of the uses and purposes for which it is adaptable and capable of being used, including salvage for serviceable components and scrap when it appears that will provide the highest value.

The schedule(s) of estimates shall be consistent with the property analysis approved by the Agency, as provided in Paragraph 4 (j). The Appraiser is permitted to use the services of such technical specialists as may be needed to enable the Appraiser to provide valid estimates and sound valuations. The schedule(s) shall be supported by an explanation of the procedures followed in gathering the necessary market information and technical data. The principal purpose of the Appraiser's accompanying narrative, however, must be to explain his analyses and his evaluations of the dollar amount of the overall contribution of the machinery, equipment, and fixtures to the fair market value of the real property as a whole. The report shall contain any layout plans, sketches, or photographs that are reasonably necessary for locating or identifying the facilities or illustrating the Appraiser's analyses.

(l) If there are separately held interests in the real property to be acquired, such as easements, leaseholds, air rights, life estates, and oil, gas, or mineral rights, and the division of ownership is not of such character as to destroy the practical unity of the property, the Appraiser shall apportion his estimate of the fair market value of the property (all interests in the property to be acquired) to each separately held interest. (However, tenant-owned improvements shall be valued in accordance with Paragraph 4 (m) below.) the report shall contain the data, analyses, and reasoning by which the Appraiser made the apportionment. If the "unit rule" is regarded as not applicable because the division of ownership is such as to diminish the fair market value of the property as a whole, the separate interests involved shall be appraised separately.

(m) Tenant-owned improvements. If any building, structure, fixture, or other improvement to the property is identified as being the property of a tenant who has the right or obligation to remove it at the expiration of his term, the Appraiser's estimate of the fair market value of the improvement shall be the greatest of (1) the amount which the improvement contributes to the fair market value of the property, (2) the in-place value of the improvement as part of the real property (the depreciated replacement cost of the improvement installed), or (3) the fair market value of the improvement for removal from the property at the purchaser's expense. The appraisal report shall state the basis for the valuation of the improvement and furnish the data and analyses on which the valuation was made.

(n) If the property is a multi-family or mixed-use (residential and non-residential) property and an owner of a compensable interest in the property also occupies a dwelling in the property, the Appraiser shall furnish an apportionment of his estimate of the fair market value of the whole property to such dwelling and to the remainder of the property. For the purpose of this paragraph, an occupant of a dwelling shall be considered to own a compensable interest in the property if he holds fee title, a life estate, a 99-year lease, or a lease with not less than 50 years to run from the date of valuation, or holds an interest in a cooperative housing project which includes the right to occupy the dwelling, or is the contract purchases of any of the foregoing estates or interests, or has a leasehold interest with option to purchase. The Appraiser's report shall explain how he made the apportionment.

ARTICLE 5 Services To Be Provided by Agency

The Agency agrees to furnish the Appraiser the following:

(a) A map or plat, based on official records, of the property described in Article 1, showing the boundaries and dimensions of the parcels to be appraised. Each parcel shall be designated by a number, and the parcel numbers shown on the Appraiser's reports shall correspond to the parcel numbers shown on the map or plat. However, additional parcel numbers may be assigned by the Appraiser for easements appraised separately or for additional parcels revealed while making the appraisals. The Appraiser shall promptly advise the Agency of any such additions.

(b) An ownership data report for each parcel. That report will show all estates and interest in the parcel as shown of record and consequently shall not be assumed to accurately define the interests to be appraised. The ownership data report on each parcel as shown on the parcel map will include:

- (1) The name (and address, if available) of the owner appearing on record;
- (2) The legal description of the parcel as shown by the conveyance(s) by which the record owner acquired title;
- (3) Identification of the conveyance(s) by which the present owner acquired title, including: the date of the conveyance(s); the date, book and page numbers, and place of recordation; the name (and address, if available) of the grantor of such conveyance; the stated consideration; the amount of any mortgages or encumbrances placed of record or to which title was subject at time of conveyance (so far as determinable from an examination of the conveyance); and the amount of any State or local transfer taxes that were based on the amount of the consideration;
- (4) Outstanding estates and other rights or interests of record, including easements, use restrictions, mineral rights, leases, and any known, but unrecorded, interests of other parties. Sufficient information shall be furnished to disclose the probable effect of such outstanding interests on the title of the record owner;
- (5) Outstanding special assessments, if any, for public improvements such as streets, sidewalks, public utilities, and similar public facilities;
- (6) The amount of real estate taxes for the current year and the assessed valuation stated separately for land and for improvements.

(c) Legal advice, upon request of the Appraiser, on legal matters affecting the appraisal of any property to be appraised.

ARTICLE 6 Payment

In consideration of the services provided by the Appraiser under this agreement, the Agency agrees to make payments to the Appraiser upon the submission to the Agency of properly certified invoices as follows:

(a) For appraisal reports accepted by the Agency, and for all other services furnished in accordance with Article 3, except services furnished in connection with judicial proceedings under Paragraph 3 (b), the updating of appraisals under Paragraph 3 (c), and the valuation of reservations of rights in owners under Paragraph 3 (d), the lump sum of _____ dollars, which shall constitute full payment to the Appraiser for all of such services and for all supplies, materials, and equipment used or furnished by the Appraiser and all expenses incurred by the Appraiser in connection with the performance of such services.

(b) For services furnished by the Appraiser in connection with judicial proceedings as provided in Paragraph 3 (b) [except services as an expert witness in such a proceeding], the updating of appraisals as provided in Paragraph 3 (c), and the valuation of reservations of rights in owners as provided in Paragraph 3 (d), _____ dollars per hour or fraction of an hour actually engaged in performing the services, including travel time. All expenses of the Appraiser, including travel expense and subsistence, shall be borne by the Appraiser.

(c) For services as an expert witness for the Agency in judicial proceedings as provided in Paragraph 3 (b), the Appraiser and the Agency hereby agree that the fair and reasonable compensation for the Appraiser's services shall be _____ dollars for each day's attendance in court.

ARTICLE 7 Agreements of Appraiser

As an inducement to the execution of this agreement by the Agency and in consideration of the agreements to be performed by the Agency, the Appraiser agrees that:

(a) Qualifications. The Appraiser is qualified to perform the services to be furnished under this agreement and is permitted by law to perform such services, and all personnel engaged in the work shall be qualified and so permitted to do the work they perform. Attached as Exhibit B is a statement by the Appraiser, certified by him to be true and correct, setting forth his technical qualifications, general appraisal experience, specific experience in appraising properties of the type involved in this agreement, the courts in which he has testified as an expert witness, and other information pertinent to establishing his technical qualifications.

(b) Solicitation of Agreement. The Appraiser does not have any interest (including that of real estate agent or broker), direct or indirect, present or prospective, in any property described in Article 1 or in its sale, or any other interest, whether or not in connection with the property, which would conflict in any manner or degree with the performance of the services and the submission of impartial reports, and has not employed and will not employ, in connection with the services to be furnished under this agreement, any person having any such interest. Until the property is acquired by the Agency or excluded from its project by resolution of its governing body, the Appraiser and any employees of the Appraiser, so long as they are employed by the Appraiser, will not acquire any such interests and will not, for their own account or for other than the Agency, negotiate for any of the property, perform services in connection with the property, or testify voluntarily as a witness in a condemnation or other proceeding with respect to the property.

(c) Interest of Appraiser and Appraiser's Employees. The Appraiser does not have any interest (including that of real estate agent or broker), direct or indirect, present or prospective, in any property described in Article 1 or in its sale, or any other interest, whether or not in connection with the property, which would conflict in any manner or degree with the performance of the services and the submission of impartial reports, and has not employed and will not employ, in connection with the services to be furnished under this agreement, any person having any such interest. Until the property is acquired by the Agency or excluded from its project by resolution of its governing body, the Appraiser and any employees of the Appraiser, so long as they are employed by the Appraiser, will not acquire any such interests and will not, for their own account or for other than the Agency, negotiate for any of the property,

perform services in connection with the property, or testify voluntarily as a witness in a condemnation or other proceeding with respect to the property.

(d) Services To Be Confidential. All services, including reports, opinions, and information, to be furnished under this agreement are confidential and shall not be divulged, in whole or in part, to any person other than to duly authorized representatives of the Agency, without prior written approval of the Agency, except by testimony under oath in a judicial proceeding or as otherwise required by law. The Appraiser shall take all necessary steps to ensure that no member of his staff or organization divulges any such information except as may be required by law.

(e) Facilities and Personnel. The Appraiser has and will continue to have proper facilities and personnel to perform the services and work agreed to be performed. If the Appraiser proposes to employ any person or persons to make any appraisals of machinery and equipment or other specialized elements or attributes of a property appraised under this agreement, the employment of such person or persons for such purpose shall not place the Agency under any obligation of such employee, nor relieve the Appraiser of full responsibility for the faithful performance of the services to be furnished under this agreement.

(f) Equal Employment Opportunity. During the performance of this agreement:

- (1) The Appraiser will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Appraiser will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Appraiser agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Agency setting forth the provisions of this nondiscrimination clause.
- (2) The Appraiser will, in all solicitations or advertisements for employees placed by or on behalf of the Appraiser, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(g) Assignment. The Appraiser's rights, obligations, and duties under this agreement shall not be assigned in whole or in part, but this shall not prohibit the assignment of the proceeds due under this agreement to a bank or financial institution. This agreement may be assigned by the Agency to any corporation, agency, or instrumentality having authority to accept the assignment.

(h) Subcontracting. None of the work or services covered by this agreement shall be subcontracted without the prior approval of the Agency.

(i) Records. The Appraiser shall maintain records of all details with respect to the services to be performed under this agreement, including one complete copy of each appraisal report and related notes, for three (3) years after delivering the report or until the property is acquired by the Agency or the acquisition is abandoned, whichever is later.

(j) Affidavits of Compliance. The Appraiser will, if requested by the Agency, furnish the Agency affidavits certifying compliance with the provisions of this Article 7.

ARTICLE 8 Changes

The Agency, by written notice to the Appraiser, may modify the scope or quantity of the services to be furnished under this agreement. If such changes cause an increase or decrease in the amount of services to be provided by the Appraiser or in the time required for their performance, equitable adjustment shall be made in the provisions of this agreement for payments to the Appraiser or for the time for performance of the services or for both, and this agreement shall be modified by agreement of the parties accordingly.

ARTICLE 9 Termination of Agreement for Cause

If, through any cause, the Appraiser shall fail to fulfill in a timely and proper manner his obligations under this agreement, or if the Appraiser shall violate any of the provisions of this agreement, the Agency may upon written notice to the Appraiser terminate the right of the Appraiser to proceed under this agreement or with such part or parts of the agreement as to which there has been default, and may hold the Appraiser liable for any damages caused to the Agency by reason of such default and termination. In the event of such termination, any completed reports prepared by the Appraiser under this agreement shall, at the option of the Agency, become its property and the Appraiser shall be entitled to receive equitable compensation for any work completed to the satisfaction of the Agency. The Appraiser, however, shall not thereby be relieved of liability to the Agency for damages sustained by the Agency by reason of any breach of the agreement by the Appraiser, and the Agency may withhold any payments from the Appraiser for the purpose of setoff until such time as the amount of damages due the Agency from the Appraiser is determined. The Appraiser shall not be held liable for damages under this Article solely for reasons of delay if the delay is due to causes beyond his control and without his fault or negligence, but this shall not prevent the Agency from terminating this agreement because of such delay.

ARTICLE 10 Interest of Members of Agency

No member of the Agency shall participate in any decision relative to this agreement affecting, directly or indirectly, his personal interests. No such member and no other officer, agency, or employee of the Agency having any responsibility or function in connection with this agreement shall have any private interest, direct or indirect, in this agreement or the proceeds of this agreement.

ARTICLE 11 Officials Not To Benefit

No Member of or Delegate to the Congress of the United States of America, and no Resident Commissioner, shall be admitted to any share or part of this agreement or to any benefit to arise from the same.

ARTICLE 12 Notices

Any action by the Agency under this agreement may be taken by

_____, or such other person(s) as the Agency may, by written notice to the Appraiser, designate for such purpose. All notices to the Appraiser shall be considered to be properly given if mailed to the address specified below, or delivered personally to the Appraiser. All notices or other papers given to the Agency shall be considered to be sufficiently given if mailed, postage prepaid to

_____, at _____, or to such other representative or address as the Agency may designate to the Appraiser in writing.

IN WITNESS WHEREOF, the Agency and the Appraiser have executed this agreement on or as of the date first above written.

Appraiser

Street Address

City

State

Zip

Agency

Representative

Title

INVITATION TO ACCOMPANY AN APPRAISER

(Current Date)

(Name of Owner)
(Address)
(City), (State) (Zip Code)

Dear *(Mr. or Mrs. Owner)*:

I have been requested by the *(Community)* to prepare an appraisal of your property on *(Address of Property)*. I will visit the property *(Date of Appraisal Visit)*. If you wish to accompany me, please phone me at *(Telephone Number)* to arrange a mutually convenient time.

Sincerely,

(Appraiser's Name)
(Title)

SHORT APPRAISAL FORM FOR EASEMENT TAKINGS

Project Name _____

Parcel Address _____

Property Owner _____

Address _____

Owner Invited To Accompany Appraiser _____

Past Sales of Property (5 years) _____

Improvements to Property since Last Sale _____

Lot: Zoning _____ Area _____ Sq. Ft. _____ Acres _____

Highest and Best Use of Property: Before _____ After _____

Assessed Valuation: Land _____ Buildings _____ Total _____

Unlawful Usage or Violation of Codes and Ordinances _____

Valuation: Before and After Value Estimates

1. BEFORE Property Value \$ _____

2. AFTER Property Value \$ _____

3. Value Part Taken on Damages, if any \$ _____

If there are benefits or damages as a result of the taking, then that should be included in valuation -- EXPLAIN: _____

NOTE: Appraiser has summarized above data based on his investigation and appraisal of subject property. Full documentation for values assigned can be furnished upon request.

PHOTO OF PROPERTY

SKETCH OF PROPERTY
(showing part taken)

Final value estimate is:

Land \$ _____ Buildings \$ _____ TOTAL \$ _____

Date

Appraiser

Parcel or Tax Number

Address

Supporting documentation is required.

NOTE: Appraiser may use his own short form as long as all the essential elements of our form are present.

APPRAISAL REPORT REVIEW

Project: _____ Name of Appraiser(s): 1. _____
 Block No. _____ Parcel No. _____ 2. _____
 Project Address: _____ 3. _____
 City: _____ 4. _____
 State: _____ 5. _____

Owner of Record: _____

Type of Appraisal(s): ☐ Fee Simple ☐ Easement ☐ Severance or Partial Take

Property Type: _____ Zoning: _____ Restrictions: _____

Purpose of the Appraisal: ☐ Market Value Estimate ☐ Other: _____

Date of the Appraisal(s): (1) _____ (2) _____

Appraisal(s) Signed and Dated: ☐ Yes ☐ No

★ Was the owner or a designated representative invited to accompany the appraisers on the property inspection? ☐ Yes ☐ No

Has the appraisal contract been complied with by the appraiser(s)? ☐ Yes ☐ No
 Comments:

I. DESCRIPTION

APPRAISER NO. 1
YES NO N/A

- A. City analysis acceptable?
- B. Neighborhood analysis acceptable?
 (location, percentage buildup, value range stated, present and proposed land uses, trends, occupancy, employment, distances to shopping, recreation, fire and police protection)
- C. Acceptable site description?
- D. Acceptable improvements description?
- E. Acceptable tax information?
- F. Acceptable highest and best use analysis?

★ **UNLESS THIS HAS BEEN DONE, THE APPRAISAL IS UNACCEPTABLE!**

APPRAISAL PROCESS

A. Direct Sales Comparison Approach

APPRaiser No. 1
YES NO N/A

1. Is the comparable sales date complete, i.e., sales date, grantor, grantee, comparable address, deed book and page no., sales price, complete description?
2. Is the adjustment analysis satisfactory?
3. Did the appraiser explain the reason for each adjustment and is this reasonable?
4. Is the market value reconciled correctly (i.e., no averaging and explanation is satisfactory)?

B. Cost Approach

1. Did the appraiser provide adequate support for the land cost estimate?
2. Did the appraiser provide adequate support for the building cost estimate?
3. Did the appraiser use acceptable method of estimating accrued depreciation?
4. Were all forms of depreciation supported?
5. Is the Cost Approach Summary acceptable?

C. Gross Rent Multiplier Analysis (*Residential Property*)

1. Was the GRM properly developed by market supported rentals of recent sales?
2. Is the market rent for the subject supported by market evidence?
3. Is the market value by Gross Rent Multiplier Analysis acceptable?

D. Income Approach (*Income Property*)

1. Is the Gross Potential Income supported and **Is it reasonable?**
2. Is the Vacancy and Credit Loss supported?
3. Is other income included?
4. Is the Effective Gross Income acceptable?
5. Are all fixed and variable operating expenses included and are they reasonable?
6. Is the Net Operating Income acceptable?
7. Was the capitalization rate properly developed?
8. **Is it reasonable?**
9. Is the capitalization rate acceptable?

[illegible]

APPRAISER NO. 1
YES NO N/A

- III. If an approach was not used, was an acceptable explanation provided?
- IV. RECONCILIATION AND FINAL VALUE ESTIMATE
 - A. Did the appraiser adequately explain how final value estimate was selected and was the explanation reasonable?
 - B. Are all math computations correct?

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List corrections required to make appraisal reports adequate and acceptable (including deficiencies not listed above.)

Appraiser #1 _____

Appraiser #2 _____

Reviewer's Recommendation of Fair Market Value \$ _____

Explain the basis for the Reviewer's Recommendation of Fair Market Value. (If there are 2 or more appraisals for each parcel, the reviewer should give a comparative analysis of each appraisal report and his reasoning for accepting the appraised value of one.)

[illegible]

I hereby certify that I have inspected the subject property and the appraiser's comparable sales; that I have no interest in the property, either past, present, or contemplated; that except as noted, the appraisals are complete and technically acceptable; and that the appraisals meet the requirements of the Department of Housing and Urban Development and of the appraiser's contracts.

Date _____

Reviewer

It is recommended that the appraiser's fee of \$ _____

☐ Be paid

☐ Not be paid for the following reasons:

☐ The reviewer recommends that the locality hire another appraiser to appraise this parcel.

We believe that our offer represents just compensation for your property. It is **not less than** the approved appraisal for the property. Any increase or decrease in the market value caused by this project for which your property is being acquired or the likelihood that it would be acquired, other than to physical wear and tear within your reasonable control, has been disregarded by our appraisers. Our offer does not take into account

any relocation assistance or payments that you may be entitled to receive. We will pay all reasonable closing costs. Of course, expenses to provide us with good title are your responsibility. This includes such items as liens for taxes, materials and mechanics, liens, and outstanding mortgages.

Our offer to you is based on Fair Market Value, defined as "the price the property will bring in a competitive market under conditions requisite to a fair sale resulting from negotiations between a buyer and a seller, each acting prudently and wisely, and without pressure or undue influence."

APPRAISAL PROCEDURES

The appraiser(s) which was hired to appraise your property used practices and techniques recognized by all professional appraisal societies and organizations. These techniques are:

COST APPROACH TO VALUE

The appraiser appraises the land as if vacant. To that value, he adds the depreciated cost of the improvements. The land value is determined by using recent vacant land sales. The depreciated building value is determined by calculating the cost **today** of reproducing the building new and deducting for all causes of depreciation.

DIRECT SALES COMPARISON APPROACH

The value of the property is estimated by comparing it with similar properties that have recently sold in the same or similar area. The appraiser makes adjustments to the sales price for differences between the sales and the subject property.

INCOME APPROACH

This approach depends on determining the market rent for the subject property and finding what similar property has sold for on the market. The sales price is then divided by the actual rent to determine a multiplier (the technical term is the Gross Rent Multiplier or GRM). The market rent of the subject is multiplied by the GRM. The result is the Value Indicated by the Income Approach.

NOTE: For non-residential and large multi-family properties, the income approach is more complicated and involves capitalization of net income. It is not discussed in detail since few such properties are being acquired.

CORRELATION AND FINAL VALUE ESTIMATE

The appraiser then has as many as three indications of value if all three approaches are appropriate. At this point, the appraiser re-analyzes all the information and selects one amount that most nearly reflects the consensus of his/her data. This amount is not an average, but the conclusion based on this analysis. The appraiser then recommends this value to us as of a specific date.

Please realize that much of the language above is required by the Federal Regulations and Law and, as such, is sometimes confusing. If you have any questions, please feel free to contact us. We are located at *(LOCATION OF OFFICE)*. Our office hours are *(OFFICE HOURS)* and our telephone number is *(OFFICE TELEPHONE NUMBER)*. *(NAME OF PERSON TO CONTACT)* is the person who could answer any questions of a specific nature.

Sincerely,

(CITY OFFICIAL)

OFFER TO PURCHASE

(CURRENT DATE)

(INSIDE ADDRESS)

Dear _____:

The City would like to (buy your property or purchase an easement)* located at

(LOCATION OF PROPERTY)

Your property is needed for

(BRIEF DESCRIPTION OF THE PROJECT)

Based on a fair and independent appraisal of the property, we propose to offer:

(AMOUNT OF OFFER)

We feel the offer represents just and reasonable payment. Please read carefully the attached "Statement Of The Basis For The Determination Of Just Compensation." It contains a complete description of the property and any improvements we propose to acquire. It also explains how the amount of our offer was determined.

If the offer is acceptable, please sign below.

Sincerely,

Signed,

(SIGNATURE AND TITLE OF COMMUNITY
OFFICIAL)

(SIGNATURE OF OWNER)

Attachment

(DATE)

* City should indicate what they want.

OFFER OF SALE OF LAND

In consideration of the sum of one dollar (\$1) and other valuable consideration in hand paid, the receipt whereof is hereby acknowledged, the undersigned (hereinafter called the "Seller") being the owner thereof, hereby offers and agrees to sell and convey to the City of _____ (hereinafter called "the City") or its assignee or nominee the following described property located in the City of _____, County of _____, State of _____.

Upon the following terms and conditions:

Upon closing, the Seller shall convey to the City or its assignee or nominee by general warranty deed a good and marketable fee simple (or easement) title thereto, together with all improvements, hereditaments and appurtenances thereto belonging, free and clear of all liens (except liens for current taxes and assessments), easements, restrictions, delinquent taxes and assessments, leases and encumbrances of any kind, existing or inchoate with proper release of dower, courtesy, and waiver of homestead rights, if any, together with all of his right, title and interest in and to any streets or alleys, adjoining or abutting thereon. Taxes and assessments shall be adjusted as of the time of closing. Possession shall be delivered to the City at the time of closing.

The total purchase price shall be \$_____. All expenses of examination of title and of preparation and recording of the deed shall be paid by the City. Payment of the purchase price shall be made upon transfer of title to the City.

This offer shall be irrevocable for a period of _____ days from the date hereof and shall remain in force thereafter until terminated by the Seller. Such termination may be effected at any time after the expiration of such _____ days period by Seller giving 60 days prior written notice to the City of such termination. If this offer is accepted, the City shall endorse its acceptance hereon and mail notice thereof to the Seller at the address specified below. The City shall specify the place and time of closing, which shall not be more than 60 days after the date of acceptance. The Seller agrees that this offer shall not be revocable and that he will not sell, mortgage, encumber, or otherwise dispose of such property or any part thereof prior to said expiration date, except to the City. This agreement shall be binding upon the Seller and his heirs, executors, administrators, successors, and assigns.

Seller:

Buyer:

Date:

Date:

STATEMENT OF SETTLEMENT COSTS

Identification of Property _____

Purchase Price \$ _____

Expenses Incidental to Transfer of Title	Paid by City	Paid by Owner	Total
1. Recording Fees			
2. Transfer Taxes			
3. State tax Stamps			
4. City/County Tax Stamps			
5. Recording Fees			
6. Survey and Legal Description			
7. Penalty Costs associated with Prepayment of Pre-existing Recording Mortgages			
8. Pro Rata Portion of Prepaid Taxes:			
a. Real Property Taxes County			
b. Real Property Taxes City			
9. Delinquent Taxes			
10. Title Insurance			
TOTAL	\$	\$	\$

Signed: _____ Date: _____

NOTICE OF INTENT NOT TO ACQUIRE

(CURRENT DATE)

(PROPERTY
(ADDRESS)

OWNER)

Dear _____:

The (COMMUNITY) has determined not to acquire your (LOCATION OF PROPERTY) property. Any person moving from the premises from the date of this notice will not be eligible for relocation payments or benefits.

Sincerely,

(COMMUNITY OFFICIAL)

cc: (TENANT)

DISPOSITION OF PROPERTY ACQUIRED WITH SMALL CITIES CDBG FUNDS									
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[illegible]

[illegible]